

TESTIMONY

LARRY KISH

LIFE INSURANCE ASSOCIATION OF MICHIGAN

HOUSE INSURANCE COMMITTEE

9:00 AM, WEDNESDAY, JULY 15, 2009

GOOD MORNING MADAME CHAIR AND MEMBERS
OF THE COMMITTEE.

FOR THE RECORD MY NAME IS LARRY KISH AND
I'M HERE REPRESENTING THE LIFE INSURANCE
ASSOCIATION OF MICHIGAN.

THE FIRST THING I'D LIKE TO DO IS APOLOGIZE
FOR NOT BEING PREPARED TO TESTIFY ON
TUESDAY.

I MISREAD THE HEARING NOTICE AND PUT THURSDAY IN MY CALENDAR INSTEAD OF TUESDAY.

I'M VERY SORRY FOR THE INCONVENIENCE MY ERROR CAUSED.

MADAME CHAIR, LIAM IS OPPOSED TO ALL THE BILLS IN THIS PACKAGE FOR SEVERAL REASONS.

FIRST, IF THERE ARE DEMONSTRABLE PROBLEMS IN THE INSURANCE INDUSTRY WE WOULD HAVE APPRECIATED THE OPPORTUNITY TO WORK WITH THE LEGISLATURE TO ADDRESS THEM.

YESTERDAY AND TUESDAY WE HEARD SOME GUT WRENCHING TESTIMONY BUT IF THERE'S ONE THING I'VE LEARNED IN MY NEARLY 40 YEARS IN

THE ASSOCIATION BUSINESS I.E. THERE'S USUALLY TWO SIDES TO EVERY STORY.

IF THERE ARE SOME INSURERS THAT ARE DELAYING PAYMENT OF CLAIMS OFTEN TIMES THERE ARE GOOD REASONS.

I WILL PROVIDED THE COMMITTEE WITH AN ARTICLE PUBLISHED BY THE COALITION AGAINST INSURANCE FRAUD.

THE ARTICLE POINTS OUT THAT THERE IS AN INCREASING ACCEPTANCE OF PADDING AN INSURANCE CLAIM OR PERPETRATING OTHER FORMS OF INSURANCE FRAUD.

THE DECAY OF MORALITY IN OUR COUNTRY, THE ARTICLE SAYS, HAS FORCED THE INSURANCE INDUSTRY TO BE MORE CAUTIOUS IN PAYING

CLAIMS AND TO BE MORE AGGRESSIVE IN PROTECTING HONEST POLICY HOLDERS FROM THOSE LESS HONEST.

TO BE LESS VIGILANT ONLY MEANS HIGHER PREMIUMS FOR ALL. THIS IS A DISSERVICE TO THOSE WHO ARE HONEST AND ALSO SERVES TO EXACERBATE THE UNDERLYING PROBLEM.

THE ARTICLE ALSO POINTS OUT THAT THERE ARE NOW MORE AMERICANS WHO WOULD PERPETRATE INSURANCE FRAUD AND MORE AMERICANS WHO TOLERATE THOSE WHO COMMIT INSURANCE FRAUD.

ACCORDING TO THE SURVEY :

1. IN 1997 91% OF THOSE SURVEYED THOUGHT IT WAS UNETHICAL TO

MISREPRESENT FACTS ON AND INSURANCE APPLICATION. TODAY ITS 82%.

2. IN 1997 91% THOUGHT IT UNETHICAL TO FILE A CLAIM FOR DAMAGE DONE BEFORE AN INSURANCE POLICY WAS PURCHASED. TODAY ITS 85%.

3. IN 1997 91% THOUGHT IT UNETHICAL TO INFLATE A CLAIM TO COVER THE COST OF THE DEDUCTABLE. TODAY 84%

I AM NOT SAYING THAT THIS CHANGE IN ATTITUDE EXCUSES WRONGFUL BEHAVIOR ON THE PART OF THE INSURANCE COMPANY.

I AM SAYING IS THAT AT LEAST SOME INSURERS HAVE BECOME MORE AGGRESSIVE IN ORDER TO COMBAT FRAUD AND PROTECT THE HONEST CONSUMER.

SECOND, THE CONSTANT CRITICISM OF THE INSURANCE INDUSTRY TENDS TO REINFORCE THE TREND TOWARDS INSURANCE FRAUD

SOME OF THE COMMENTS MADE TUESDAY AND YESTERDAY WERE IN MY OPINION, OVER THE TOP.

THERE WAS A BARRAGE OF SERIOUS ACCUSATIONS THAT SOUNDED LIKE AN INDICTMENT OF THE ENTIRE INSURANCE INDUSTRY.

THE VAST MAJORITY OF INSURERS DOING BUSINESS IN MICHIGAN ARE UPSTANDING COMPANIES WHO DO RIGHT BY THEIR CUSTOMERS, EMPLOYEES AND THE STATE OF MICHIGAN.

TO DISPARAGE VIRTUALLY ALL OF THEM WAS JUST PLAIN WRONG.

RIGHT HERE IN LANSING WE HAVE THREE AWARD WINNING INSURERS WHO ARE AN EXCELLENT REPRESENTATION OF THE QUALITY COMPANIES WHO DO BUSINESS HERE.

AUTO OWNERS RECEIVED A NATIONAL AWARD FROM J.D. POWER AS THE BEST IN THE NATION FOR THE AUTO CLAIMS EXPERIENCE.

FARM BUREAU HAS BEEN RANKED AS ONE OF THE TOP 50 INSURERS IN THE NATION FOR SEVERAL YEARS. ONE OF ONLY A HANDFUL OF INSURERS TO RECEIVE SUCH HIGH ACCLAIM.

JACKSON NATIONAL WAS RECOGNIZED WITH THE FINANCIAL SECTORS HIGHEST CUSTOMER

SATISFACTION AWARD FROM THE SERVICE QUALITY MEASUREMENT GROUP IN THREE OF THE LAST FIVE YEARS.

THE THIRD REASON WE'RE OPPOSED TO THESE BILLS IS THAT THEY SEND THE WRONG MESSAGE TO THE BUSINESS COMMUNITY.

WE BELIEVE THE EXECUTIVE AND LEGISLATIVE BRANCHES OF STATE GOVERNMENT SHOULD REACH OUT TO THE INSURANCE INDUSTRY TO BUILD ON THE 55,000 HIGH PAYING INSURANCE JOBS THAT CURRENTLY RESIDE IN THE GREAT LAKES STATE.

SEVERAL STATES HAVE ESTABLISHED SECTIONS WITHIN THEIR COMMERCE DEPARTMENTS WHOSE PRIMARY FUNCTION IS TO ATTRACT INSURANCE COMPANIES AND OTHER FINANCIAL

INSTITUTIONS TO THEIR STATES. FLORIDA, INDIANA AND IOWA ARE VERY AGGRESSIVELY RECRUITING MICHIGAN BASED INSURERS.

THESE STATES OFFER NUMEROUS INCENTIVES TO ENTICE INSURERS TO MOVE THEIR HOME OFFICES INCLUDING HELP WITH SITE SELECTION, EMPLOYEE RELOCATION, PREFERENTIAL TAX TREATMENT AND A HOST OF OTHERS.

SO FAR THEY HAVE NOT CONVINCED ANY MICHIGAN COMPANIES TO RELOCATE BUT THE THREAT IS A VERY REAL.

TEN YEARS AGO NO ONE WOULD HAVE BELIEVED THAT COMERICA WOULD MOVE TO TEXAS BUT NOW SOME ARE WONDERING WHO'S NEXT.

THANK YOU MADAM CHAIR FOR THE
OPPORTUNITY TO TESTIFY.

IF THERE ARE QUESTIONS I WOULD BE HAPPY TO
RESPOND.